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UniSourceEnergy
SERVICES

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL
March 24, 2009

Arizona Corporation Commission
DOCKETED

MAR 24 2009

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

DOCKETED BY	
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Re: **Demand-Side Management Surcharge ("DSMS") Rider R-2.**
Docket Nos. G-04204A-06-0463, G-04204A-06-0013 and
G-04204A-05-0831, Decision No. 70011

Pursuant to Decision No. 70011 (November 27, 2008) UNS Gas, Inc. ("UNS Gas") hereby submits its DSMS Rider R-2, for filing and approval. A clean and redlined DSMS Pricing Plan is attached. The purpose of this filing is to seek Commission approval to revise the DSMS effective June 1, 2009. The requested DSMS is \$0.0076 per therm and will replace the current rate of \$0.0026 per therm, which was effective on customer bills beginning June 1, 2008.

The proposed DSMS of \$0.0076 consists of 2008 expenditures and budgeted costs for 2009. The 2008 DSM expenditures consist of expenses for the Low-Income Weatherization Program, Energy Smart Homes Program, Efficient Home Heating Program, and the C&I Facilities Gas Efficiency Program. The 2008 expenditures also contain costs for Measurement, Evaluation and Research. The budgeted 2009 DSM costs include expenses for the DSM Programs listed above in addition to costs for the proposed UNS Gas Baseline Study which was filed on March 17, 2009 in Docket No. G-04204A-09-0129 of which 25% of the total cost of the Baseline Study is included in the calculation of the UNS Gas DSMS.

If you have any questions, please contact me at (520) 884-3680.

Respectfully Submitted,

Jessica Bryne
Regulatory Services

cc: Ernest Johnson, ACC
Bob Gray, ACC
Julie McNeely-Kirwan, ACC
Compliance, ACC

UNS Gas, Inc.
Rider R-2
Demand Side Management Surcharge (DSMS)

APPLICABILITY

The Demand Side Management Surcharge (DSMS) applies to all customers in all territory served by UNS Gas, Inc as mandated by the Arizona Corporation Commission, unless otherwise specified.

RATE

The DSMS shall be applied to all monthly net bills at the following rate:

All therms \$0.0076 per therm

REQUIREMENTS

The UNS Gas DSMS will be calculated and filed with the Arizona Corporation Commission (ACC) for approval on or before April 1st. The ACC will approve the surcharge to be billed to all applicable pricing plans for twelve (12) months beginning each June 1st.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company, and/or the price of, or revenue from, gas sales or service sold and/or the volume of gas sales generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Gas Service Area

Tariff No.: Rider R-2 DSMS
Effective: June 1, 2009
Page No.: 1 of 1



UNS Gas, Inc.
Rider RR-2
Demand Side Management Surcharge (DSMS)

APPLICABILITY

The Demand Side Management Surcharge (DSMS) applies to all customers in all territory served by UNS Gas, Inc as mandated by the Arizona Corporation Commission, unless otherwise specified.

RATE

The DSMS shall be applied to all monthly net bills at the following rate:

All therms	\$0.007626	per therm
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REQUIREMENTS

The UNS Gas DSMS will be calculated and filed with the Arizona Corporation Commission (ACC) for approval on or before April 1st. The ACC will approve the surcharge to be billed to all applicable pricing plans for twelve (12) months beginning each June 1st.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company, and/or the price of, or revenue from, gas sales or service sold and/or the volume of gas sales generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

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Page No.: 1 of 1

**UNS GAS
COMPUTATION OF DSM SURCHARGE
EFFECTIVE JUNE 1, 2009 to MAY 31, 2010**

C:\Documents and Settings\ua02271\Local Settings\Temporary Internet Files\OLK59\{UNSG DSM Surcharge (5-01-2009) DRAFT.xls}Calc 5

Rate Calculation

UNS GAS

(a) Current Expenditures (2008)	1A	\$ 414,972	Source: UNSG
(b) Actual Billed: December-08	1B	\$ (391,447)	Source: DSM Revenue (GL)
(c) Under (Over) Collected		\$23,524	(a) + (b)
(d) Program Expenditures (2009)	1C	\$ 884,833	
(e) Under (Over) Collected (above)		\$23,524	(c)
(f) Total Amount Owed:		<u>\$ 908,358</u>	(d) + (e)
(g) Forecasted Retail Sales (including unbilled therms) TME May 31, 2010	2A	119,932,651	Source: Therms
(h) DSM ADJUSTOR CHARGE EFFECTIVE JUNE 1, 2009		<u>\$ 0.0076</u>	(f) / (g)
(i) Current rate through May 31, 2009		\$ 0.0026	
(j) Change in rate		\$ 0.0050	(h) - (i)

UNSG 2009 Budgets for Adjustor

Program	2009 Budget	2008 Expenditures
Residential Efficiency Programs		
Low-Income Weatherization	\$ 127,149	\$ 94,376
Energy Smart Homes	\$ 327,822	\$ 93,018
Efficient Home Heating	\$ 217,907	\$ 86,357
Residential Subtotal	\$ 672,878	\$ 273,750
Non-Residential Efficiency Programs		
C&I Facilities Gas Efficiency	\$ 190,674	\$ 51,162
Program Totals	\$ 863,551	\$ 324,912
Measurement, Evaluation & Research (1)	\$ -	\$ 90,059
CC&B Database Development	\$ -	\$ -
UNSG Baseline Study (25%)	\$ 21,282	\$ -

Total	\$	884,833	C	\$	414,972	A
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2008 Adjustor Revenue	\$ 391,447.09	B
(all year)		

(1) Measurement, Evaluation and Research costs include Summit Blue assistance with program design, evaluation, and technical assistance; and costs to develop a database to track program participation and savings

UNS Gas Inc. Forecast Therms June 2009 - May 2010

Sales (Therms)						
Year	Residential	Commercial	Industrial	Other	Transport	Total Sales (Therms)
Jun-09	2,047,724	1,380,560	96,410	152,016	763,928	4,440,638
Jul-09	1,629,578	1,414,037	92,679	99,172	892,963	4,128,429
Aug-09	1,736,689	1,379,840	64,811	104,348	859,559	4,145,247
Sep-09	1,891,733	1,375,729	60,716	162,175	688,837	4,179,189
Oct-09	3,774,307	2,138,651	80,555	427,645	441,988	6,863,146
Nov-09	7,435,910	3,245,860	121,901	664,440	529,849	11,997,960
Dec-09	12,541,097	4,430,020	198,243	1,335,358	617,752	19,122,470
Jan-10	12,970,723	4,352,796	245,353	1,231,330	619,252	19,419,453
Feb-10	11,943,206	4,166,991	300,124	1,098,268	568,064	18,076,653
Mar-10	8,984,980	3,247,474	229,923	989,562	556,739	14,008,678
Apr-10	4,879,692	2,222,660	145,683	446,834	533,736	8,228,605
May-10	2,596,979	1,730,529	143,474	235,715	615,485	5,322,182
						119,932,651